



RETIREMENT SAVINGS COST NOW AND THEN

OLDMUTUAL

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From 1 September 2019 all commercial umbrella funds who are members of ASISA will be including a standardised RSC disclosure in their proposal documents.

From a decision-maker perspective what difference does this make when choosing between different umbrella providers?

	BEFORE	NOW																															
Identifying all costs	Time-consuming process requiring close examination of the proposal document and marketing material	Huge time saving as all relevant costs are included in RSC calculation with the basis clearly set out in the notes	Refer to the Old Mutual SuperFund quote with new features highlighted at oldmutual.co.za/rsc																														
Comparing costs	Comparison made extremely difficult because costs expressed on different bases, e.g. Rands, % of salary, % of contribution or % of assets	Comparison is much easier because the RSC calculation expresses all costs, regardless of how they are charged, as a % of assets	<p>RETIREMENT SAVINGS COST (RSC) CHARGES TABLE (% OF ASSETS)</p> <table border="1"> <thead> <tr> <th>CHARGES</th> <th>1 YEAR</th> <th>1 - 3 YEARS</th> <th>1 - 5 YEARS</th> <th>1 - 10 YEARS</th> </tr> </thead> <tbody> <tr> <td>Investment Management ¹</td> <td>0.62%</td> <td>0.62%</td> <td>0.62%</td> <td>0.62%</td> </tr> <tr> <td>Advice ²</td> <td>0.28%</td> <td>0.26%</td> <td>0.25%</td> <td>0.22%</td> </tr> <tr> <td>Administration ³</td> <td>0.19%</td> <td>0.17%</td> <td>0.16%</td> <td>0.14%</td> </tr> <tr> <td>Other ⁴</td> <td>0.73%</td> <td>0.73%</td> <td>0.73%</td> <td>0.72%</td> </tr> <tr> <td>Total Retirement Savings Cost (RSC)</td> <td>1.82%</td> <td>1.78%</td> <td>1.76%</td> <td>1.70%</td> </tr> </tbody> </table>	CHARGES	1 YEAR	1 - 3 YEARS	1 - 5 YEARS	1 - 10 YEARS	Investment Management ¹	0.62%	0.62%	0.62%	0.62%	Advice ²	0.28%	0.26%	0.25%	0.22%	Administration ³	0.19%	0.17%	0.16%	0.14%	Other ⁴	0.73%	0.73%	0.73%	0.72%	Total Retirement Savings Cost (RSC)	1.82%	1.78%	1.76%	1.70%
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Comparing investment fees on default investment portfolios	Difficult to work out an all-in investment fee which takes into account base fees, performance fees, net priced investments and transactional costs	All in investment fees provided according to a standardised methodology																															
Current vs future view of costs	Typically focused on a current (one year) view of costs	RSC provides 1, 3, 5 and 10 year view of costs																															
Impact of fee basis on different members	Difficult to quantify without financial modelling which could be time consuming and/or expensive	Quantified by the member table which present 9 different scenarios	<table border="1"> <thead> <tr> <th></th> <th>Total 10-year RSC (as a % of assets)</th> <th colspan="3">Annual Salary</th> </tr> <tr> <th></th> <th></th> <th>R 60 000</th> <th>R 240 000</th> <th>R 600 000</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Current Member Share</td> <td>R 0</td> <td>6.18%</td> <td>3.69%</td> <td>3.23%</td> </tr> <tr> <td>R 100 000</td> <td>1.80%</td> <td>1.96%</td> <td>2.14%</td> </tr> <tr> <td>R 500 000</td> <td>1.44%</td> <td>1.53%</td> <td>1.65%</td> </tr> </tbody> </table>		Total 10-year RSC (as a % of assets)	Annual Salary					R 60 000	R 240 000	R 600 000	Current Member Share	R 0	6.18%	3.69%	3.23%	R 100 000	1.80%	1.96%	2.14%	R 500 000	1.44%	1.53%	1.65%							
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